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NFTs are coming for your wine cellar

In the brave new world of cryptocurrency, nothing is sacred – not even a bottle of Penfolds' finest.

Max Allen [[/by/max-allen-gttsah](#)] *Drinks columnist*

Mar 18, 2022 - 5.00am

Peter Gago is telling me what it's like to be travelling again. "I was in California a couple of days back," says the famously globe-trotting chief winemaker for [Penfolds](#)

[<https://www.afr.com/companies/agriculture/treasury-wine-estates-to-lift-some-luxury-wine-prices-20220215-p59wo0>], speaking to me over the phone from his office in Adelaide, where he was pretty much grounded during the pandemic.

"I was invited to speak at a wine dinner at Meadowood luxury resort in Napa. It was the first event they'd done since [the start of] COVID-19. People were revelling being in that situation again. And at a wine event in Singapore pre-Christmas, I had people lunging at me. Two years in, everyone's clearly had enough of [being] online."



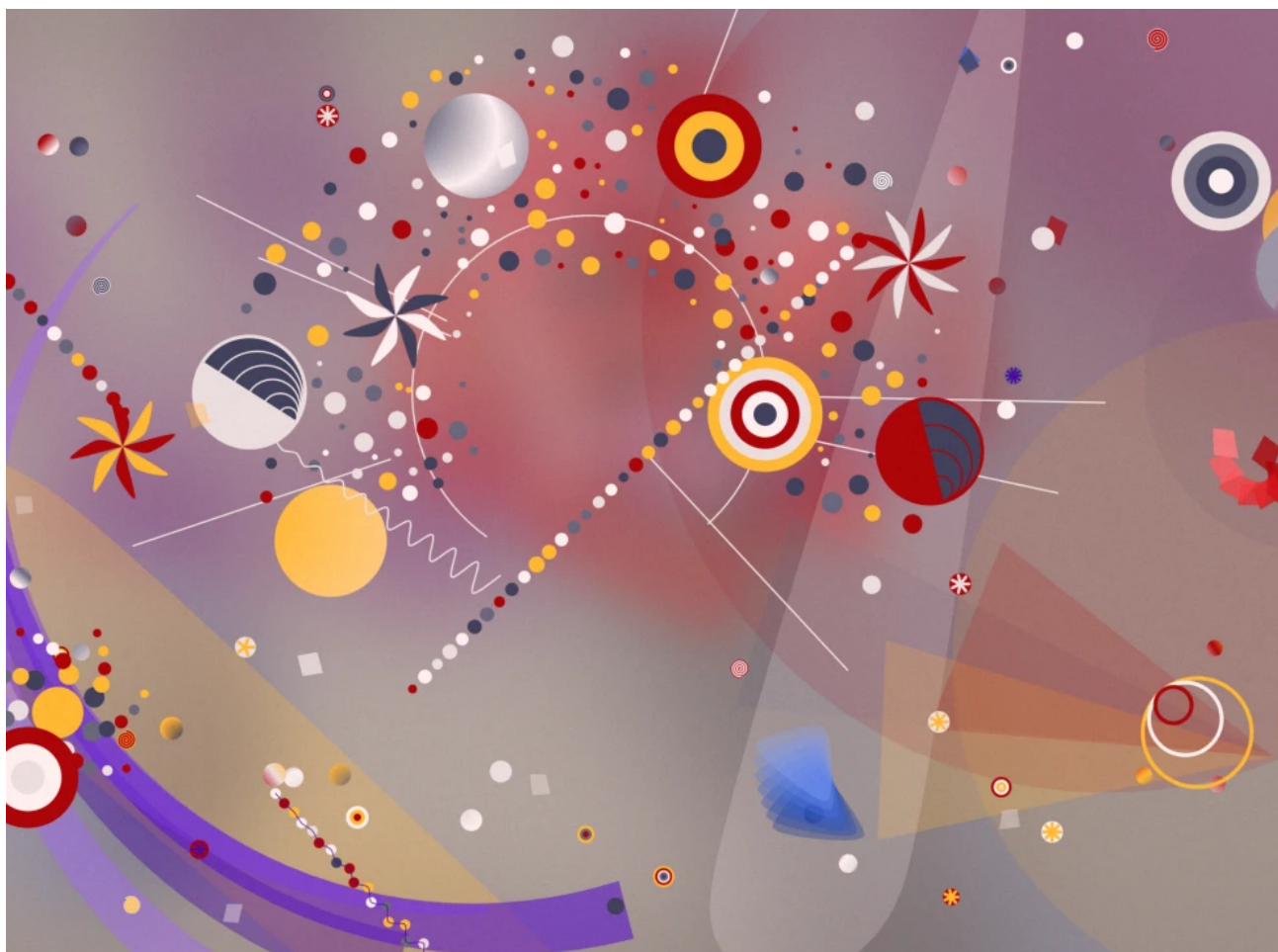
“Non-fungible tokens: I can barely get the words out,” admits Penfolds chief winemaker Peter Gago of the brand’s successful forays into NFTs.

The irony is that I’ve phoned Gago to talk about Penfolds’ first two forays into the world of NFTs and cryptocurrency, selling one of their rarest wines online through the BlockBar luxury direct-to-consumer drinks [NFT \[https://www.afr.com/property/residential/a-florida-home-owner-is-about-to-sell-her-908-000-property-as-an-nft-20220211-p59voa\]](https://www.afr.com/property/residential/a-florida-home-owner-is-about-to-sell-her-908-000-property-as-an-nft-20220211-p59voa) platform.

“You’ve got to be 20 years younger than me to speak the language,” Gago admits. “Non-fungible tokens – I can barely get the words out – are obviously the new kids on the block. I’m still getting used to stocks and shares, but I am going to learn more about this.”

Penfolds is not the first drinks company to venture into the world of NFTs. BlockBar already offers exclusive limited releases of rare spirits, for example, such as a collection of four rare Dalmore whiskies, available (at the time of writing) for 50 Ether, or roughly \$181,000.

Renowned Napa winery Robert Mondavi is selling a limited number of custom Limoges porcelain magnums of its wine, each tied to a NFT of generative digital art, via the OpenSea platform. Last year, leading Bordeaux estate Château Angélu sold an NFT of a 3D digital artwork representing ownership of a barrel of the château's 2020 vintage. The list goes on.



Fancy an artwork to go with your wine? This unique piece by artist Clay Heaton featured in the crypto partnership between Robert Mondavi winery and French porcelain house Bernardaud. **Clay Heaton**

Perhaps inspired by Angélu, and certainly inspired by how other luxury brands outside wine are embracing NFTs, Penfolds first dipped a large toe into the digital water in November last year, with a single barrel from the 2021 vintage of Magill Cellar 3 red – a wine that, since its first release in 2016, has never been available through retail or cellar door, instead sold in advance to private collectors.

The 225-litre barrel was priced at \$US130,000 (\$180,000), and came with extras such as a personal tasting with Gago himself when the wine has

been bottled.

“That first drop sold out in 12 seconds,” says Kristy Keyte, global marketing director at Penfolds. “When we saw that, we thought, ‘How can we do something different’? So, for the second drop [in January this year] we tied NFTs to 300 bottles of the 2018 Magill Cellar 3. That sold out in 10 hours, and people are now trading them.”

Not every story in this brave new world has such a happy ending. Dave Powell is another high-profile Australian winemaker who has jumped on the NFT bandwagon – with considerably less success.

NFTs didn't work out for winemaker Dave Powell. “But I got a lot of publicity out of it for the brand.”

Powell is well-known as the founder and larger-than-life winemaker for many years at Torbreck in the Barossa. Torbreck and Powell catapulted to global fame in the late 1990s when they were anointed by the then-all-

powerful US wine critic Robert Parker: the wines became highly collectible, and prices skyrocketed, fuelled by demand from the new dot-com millionaires.

The winemaker's second venture, Powell & Son, was launched in 2016 in typical brash style with a \$750 single-vineyard shiraz – the same price as the top wine from his former company. Now, after parting ways with his son (differences over winemaking philosophy, says Powell), that business has morphed into a new label, Neldner Road.

I believe people with crypto want the finer things in life. There's a market there. I just don't think NFTs is the way.

— Dave Powell

In October last year, Dave Powell became the first winemaker to offer an entire vintage – in this case, the 2021 harvest, which he describes as the best he's experienced in his lifetime – as NFTs: 100 barrels of single-vineyard shiraz, available for sale on OpenSea.

At the time of writing, not one of the barrels has been sold.

“Yeah, it didn't work out,” says Powell. “But I got a lot of publicity out of it for the brand.”

Powell admits that, with hindsight, offering so much wine – his entire vintage, in whole-barrel lots – probably worked against him. He had plenty of interest, he says, but people were unwilling to commit to buying 300 bottles at a time.

“I was f**king around with shit I don't fully understand,” he says, with characteristic bluntness. “I know how to reach the traditional wine community, but here I was trying to reach the NFT community, and most of them, I reckon, have no idea what we wine people are talking about.”

Despite this, Powell thinks there's still money to be from wine in the crypto world.

“Lots of people are making a fortune out of crypto,” he says. “Even with the recent dives in value, it’s not going away. I do believe people with crypto will want the finer things in life – and there is that aspirational aspect to wine. There’s a market there if you can get to these people. I just don’t think NFTs is the way.”

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Kristy Keyte from Penfolds sees different future possibilities in this new world.

“You can have fun with it,” she says. “There are no rules and that’s interesting. There’s so much more you can do with NFTs: avatars meeting online at a virtual Penfolds cellar door, exploring the vineyard, talking through the wines, metaverse gamification.”

Metaverse gamification. I’m sure Peter Gago is *thrilled* at the prospect.

NFT of the NFT: a new-fangled tasting of Magill Cellar 3

The 2018 Penfolds' Magill Cellar 3: a rare wine that's available as an NFT through BlockBar.

When I heard about the 300 bottles of this wine being offered as NFTs, my first reaction was: I wonder what it *tastes* like. You know, in the real world; in my mouth. So, I asked Penfolds if I could try it. And to my surprise they very kindly sent me one – a bottle, I mean, not an NFT. Thankfully.

2018 Penfolds Magill Cellar 3 Cabernet Shiraz (Coonawarra/Barossa)

A blend of cabernet from Penfolds Block 10 vineyard in Coonawarra and shiraz from two blocks at Koonunga Hill in the Barossa, this is reminiscent of the classic Penfolds Bin 389 style, but with everything – from the density of the colour to the sumptuousness of the fruit to the mouth-hugginess of the tannins – dialled up a notch or two, and the oak (traditionally American in the top Penfolds reds, but French here, and not all new) dialled down a little. Lots of black, curranty fruit, some deeply savoury shitake and soy notes, all wrapped in a frame that is a bit stern now but will yield beautifully with age.

Normally at the end of these wine reviews, I list a suggested retail price. In this case, of course, I can't. The wine is only available by purchasing an NFT of it through BlockBar [<https://blockbar.com/marketplace/Penfolds/b0893311-bfc9-4d49-acac-499da25f1cfa/500e00eb-21e4-405e-aea4-3ea87d9a2225>], where it is, at the time of writing, being offered for anywhere between 0.27ETH (the equivalent of just under \$1000) and 100ETH (a staggering \$365,320-ish) a bottle.



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